

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: July 13, 2006
RE: Utility Articles for Next Conference

The following Final Articles A, D, G and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after July 19, 2006.

“A” Final

The following new miscellaneous items will be eligible for final consideration at the next Commission Conference and based upon a review of them by staff members of the Commission, I recommend approval.

1. Indiana Bell Telephone Company, Inc., d/b/a AT&T Indiana

The utility has filed an exception to Transmittal No. 1530 of Ameritech Tariff F.C.C. No. 2. Transmittal No. 1530 modified the language of Ameritech Tariff F.C.C. No. 2 to support the end of the transition from UNE to access. The period for transitioning the CLEC's embedded base of customers from Unbundled DS1/DS3 Loops, Dedicated Transport and Declassified services to alternate Access Service arrangements began on March 11, 2005 and ended on March 11, 2006. Transmittal No. 1530 was filed with the Federal Communications Commission on February 24, 2006 and was approved on March 11, 2006.

The utility mirrors its interstate tariff, Ameritech Tariff F.C.C. No. 2, in its intrastate tariff, AT&T Indiana Tariff IURC No. 20. The utility takes exception to this rule when one of two conditions exists: (1) when services in the interstate tariff do not apply to the intrastate tariff or (2) when services differ sufficiently to require a statement explaining why Indiana-specific regulation is required. The UNE to access conversion language applies only to interstate access because predominately the traffic on these UNEs is internet traffic and that has been defined by the FCC as interstate.

No cost or revenue information was provided.

The following tariff sheets are affected by this filing:

IURC Tariff No. 20; Part 21, Section 1, Sheets 4, 5 and 9; and Section 2, Sheets 2, 10, 50 and 51.

2. Indiana Michigan Power Company, d/b/a American Electric Power

The Utility has submitted for Commission review a request for approval of fiscal Year 7 net merger savings reduction rider factors pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). The purpose of the factors is to reduce bills to customers pursuant to Attachment A (also Attachment A to this filing) of the Stipulation and Settlement Agreement (Agreement) approved by the Commission in Cause No. 41210.

The Agreement specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year. The Utility stated that in accordance with I&M's testimony in Cause No. 41210, the calculations of the proposed AEP/CSW net merger savings reduction rider factors were based upon the

latest available total revenues, excluding fuel cost adjustment, and billed kWh taking into account that calendar year data are more readily accessible, not as cumbersome to accumulate, and subject to a reconciliation process.

As also described in I&M's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, I&M will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, as required by the Agreement, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. I&M will also make a 30-day filing, at the request of Staff, prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until I&M's Indiana base rates are changed.

Attachment B to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors. For each rate class, the annual merger savings per average customer is 1.32%. The calculations were made in accordance with the Agreement in Cause No. 41210. The annual merger savings per average residential customer is \$10.44; per average commercial customer is \$127.11; and per average industrial customer is \$9,984.73.

Also included with the Utility's filing, as required by the Commission's April 26, 1999 Order in Cause No. 41210, was a verified statement indicating that the facts contained in the filing were true to the best of the affiant's knowledge and that a copy of this 30-day filing was served on each party to Cause No. 41210.

The tariff sheets affected by this filing are:

Nineteenth Revised Sheet No. 19.1
Nineteenth Revised Sheet No. 22
Seventeenth Revised Sheet No. 23
Thirteenth Revised Sheet No. 31

3. Interconnection Application and Agreement Forms

The Commission rulemaking RM #05-02 became effective on April 5, 2006. The rulemaking consisted of two elements: Approval of Adoption of Rule Concerning Customer-Generator Interconnection Standards (170 IAC 4-4.3); and Approval of Amendment of Rule Concerning Cogeneration and Alternate Energy Production Facilities and Net Metering (170 IAC 4-4.1 and 170 IAC 4-4.2). Section 11 of the new rule directed all investor-owned utilities to submit, within sixty days of the effective date of the rule, generic interconnection application and interconnection agreement forms for each of the three levels of review in the rule. These forms will simplify and make more

efficient the interconnection process, thereby encouraging cost-effective, safe and reliable customer-generation.

The proposed forms submitted for four of the five affected utilities—Duke Energy Indiana, Indianapolis Power & Light Company, Northern Indiana Public Service Company and Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc.—are the result of discussions between the utilities. With slight modifications, the forms are substantially the same for these four utilities.

The forms submitted for approval for these four utilities are entitled Interconnection Application for Level 1 Customer-Generator, Interconnection Agreement for Level 1 Customer-Generator, Interconnection Application for Level 2 or Level 3 Customer-Generator, Interconnection Agreement for Level 2 or Level 3 Customer-Generator, and Exhibit A for Interconnection Agreement for Level 1, 2, or 3 Customer-Generator.

Indiana Michigan Power Company has also submitted proposed interconnection application and agreement forms for approval. The Utility states that its Addendum To Contract For Electric Service represents the agreement form for all levels of interconnection under the rules. The Utility's Application For Interconnection With The Indiana Michigan Power Company Indiana Distribution System (Project Capacity 10 kW or Less) is applicable for Level 1 interconnection reviews and the Application For Interconnection With The Indiana Michigan Power Company Indiana Distribution System (Project Capacity Greater Than 10 kW) will be utilized for Level 2 and Level 3 interconnection reviews. The Utility states that use of two application forms for small and large projects, respectively, would be consistent with forms previously approved for use in its other retail jurisdiction.

The forms submitted for approval are entitled Addendum To Contract For Electric Service, Application For Interconnection With The Indiana Michigan Power Company Indiana Distribution System (Project Capacity 10 kW or Less), and Application For Interconnection With The Indiana Michigan Power Company Indiana Distribution System (Project Capacity Greater Than 10 kW).

Review of the forms reveals that these utilities have complied with the requirements of the Rule, and the Staff finds the Utility's forms to be acceptable for the intended purpose.

4. Northern Indiana Public Service Company (Electric)

The utility is proposing tariff language revisions to its General Rules and Regulations Applicable to Electric Service, Rule 30, in order to update the effective charge for temporary service no larger than 100 amps.

NIPSCO has updated its temporary service charges contained in its Rule 30 of its IURC Electric Service Tariff to reflect the current cost estimate information it has submitted to the Commission pursuant to 170 IAC 4-1-27(E). Specifically, the most recent Temporary Service Costs for service no larger than 100 amps found in NIPSCO's cost estimate report are \$379.00 for overhead service and \$462.00 for underground service. These costs represent slight decreases from the current amounts.

The tariff sheet affected by this filing is:

Fourth Revised Sheet No. 60G

General Rules and Regulations
Applicable to Electric Service

“D” Final

A revision to the purchased power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 34614 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Purchased Power Cost Tracker (\$/kWh)</u>	<u>Change (\$/kWh)</u>	<u>Filing No.</u>
1.	Troy Municipal	0.013445	(0.000339)	060719D

The change in Troy's rates is due a change in Hoosier Energy Rural Electric Cooperative Inc.'s rates.

"G" Final

Revisions to the Fuel Cost Adjustment factor have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 35687 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Change</u>	<u>Filing Number</u>
1.	Knightstown	Increase	87-06-07
2.	Straughn	Increase	111-06-07

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Acting Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Indiana Gas Company, Inc.

The utility is proposing to establish a new rate schedule (“Rate 225 – School Transportation Service” – Tariff Sheet No. 14) to make transportation service available to any educational institution for which transportation service is not presently available, a new pooling service applicable to suppliers (“Rate 285 – School Pooling Service” – Tariff Sheet No. 21), new nomination and balancing provisions applicable to school suppliers (“Appendix J – School Nomination and Balancing Provisions Pooling Service” – Tariff Sheet No. 39), and summary billing for educational institutions. Rate 235 was previously approved on February 8, 2006 giving certain educational institutions the option to receive transportation service, but the utility never placed this service into effect due to possible conflicts with pending legislation. To comply with the new law that was ultimately enacted (I.C.21-10-2-2), the utility has made a variety of changes to the previous filing. The proposed Rate 225:

- a. Applies to customers using less than 50,000 therms annually.
- b. Includes an increase of \$7.50 to the customer facilities charge (Group 1 meter from \$15 to \$22.50, Group 2 meter from \$36 to \$43.50 and Group 3 meter from \$75 to \$82.50), as compared to the charge under the general sales rate schedule currently applicable to school customers of this size.
- c. Includes distribution charges identical to those currently applicable to these school customers under the general sales rate schedule.
- d. Incorporates the School Transportation Service Customers into the utility’s curtailment procedures.
- e. Requires the School Transportation Service Customer to enter into a School Transportation Agreement with the utility, designating the School Supplier it has selected from a list of approved School Suppliers that have signed School Pooling Agreements with the utility.
- f. Requires the School Transportation Service Customer to become a member of a School Pool pursuant to the provisions of Rate 285, School Pooling Service.

The proposed Rate 285 and Appendix J make the School Supplier:

- a. Responsible for managing the gas supply of its School Pools, and
- b. Subject to the School Nomination and Balancing Provisions.

Cost support has been provided.

The tariff sheets affected by this filing are:

Sheet No. 2 – Tariff Sheet Index, Page 1 of 3.

Sheet No. 4 – Definitions, Pages 1, 2, 3, and 4 of 4.

Sheet No. 14 – Pages 1-3 have been created for Rate 225, School Transportation Service.

Sheet No. 21 – Pages 1-6 have been created for Rate 285, School Pooling Service.

Sheet No. 30 – Appendix A, Gas Cost Adjustment, Page 1 of 1. The Gas Cost Adjustment for Rate 225 is reflected as \$0.0000.

Sheet No. 31 – Appendix B, Normal Temperature Adjustment, Page 1 of 6. The Normal Temperature Adjustment (NTA) for Rate 225 is consistent with the NTA currently applicable to these school customers under Rate 220.

Sheet No. 32 – Appendix C, Other Charges, Page 1 of 1. A Summary Billing Charge of \$45.00 has been added.

Sheet No. 36 – Appendix G, Universal Service Fund Rider, Page 1 of 1. The Universal Service Fund (USF) Rider for Rate 225 is consistent with the USF Rider currently applicable to these school customers under Rate 220.

Sheet No. 37 – Appendix H, Pipeline Safety Adjustment, Page 1 of 1. The Pipeline Safety Adjustment (PSA) for Rate 225 is consistent with the PSA currently applicable to these school customers under Rate 220.

Sheet No. 39 – Pages 1-5 have been created for Appendix J – School Nomination and Balancing Provisions.

Sheet No. 61 – General Terms and Conditions Applicable to Gas Service Rule 24, Curtailment Procedures, Pages 1, 2, and 3 of 4. Rate 225 has been added to “Definitions” and Rate 285 has been added to “Gas Supply Curtailment Sequence” and “Capacity Curtailment Sequence”.

2. Southern Indiana Gas and Electric Company (Electric)

The utility seeks Commission approval for the following:

1. An increase in the reconnect charge applicable to the disconnection and restoration of electric service during normal working hours when service is discontinued (1) at the customer’s request, (2) due to nonpayment, or (3) under other terms of the applicable tariff sheet, to \$35 (from \$18) to reflect increased costs;
2. A new charge for reconnection of electric service at the pole or transformer, when the original disconnection was due to the customer’s denial of access to the meter, to reflect increased costs in performing the reconnection. The charge is \$170 and is in addition to the \$35 regular reconnect fee;
3. An increase of the charge for unauthorized use or tampering to \$65 (from \$45) per occurrence, to reflect increased costs;
4. An increase in the charge for returned checks to \$25 (from \$15) to reflect increased costs;
5. A new charge of \$45 for connecting, reconnecting or disconnecting electric service, at the Customer’s request, after normal business hours.

The utility provided cost support for the charges. The tariff sheets affected by this filing are:

Electric Sheet No. 63
Electric Sheet No. 82
Electric Sheet No. 84

3. Southern Indiana Gas and Electric Company (gas)

The utility is proposing to establish a new rate schedule ("Rate 125 – School Transportation Service" – Tariff Sheet No. 14) to make transportation service available to any educational institution for which transportation service is not presently available, a new pooling service applicable to suppliers ("Rate 185 – School Pooling Service" – Tariff Sheet No. 20), new nomination and balancing provisions applicable to school suppliers ("Appendix J – School Nomination and Balancing Provisions Pooling Service" – Tariff Sheet No. 39), and summary billing for educational institutions. Rate 135 was previously approved on February 8, 2006 giving certain educational institutions the option to receive transportation service, but the utility never placed this service into effect due to possible conflicts with pending legislation. To comply with the new law that was ultimately enacted (I.C.21-10-2-2), the utility has made a variety of changes to the previous filing. The proposed Rate 125:

- a. Applies to customers using less than 50,000 therms annually.
- b. Includes an increase of \$7.50 to the customer facilities charge (Group 1 meter from \$20 to \$27.50, Group 2 meter from \$34 to \$41.50 and Group 3 meter from \$70 to \$77.50), as compared to the charge under the general sales rate schedule currently applicable to school customers of this size.
- c. Includes distribution charges identical to those currently applicable to these school customers under the general sales rate schedule.
- d. Incorporates the School Transportation Service Customers into the utility's curtailment procedures.
- e. Requires the School Transportation Service Customer to enter into a School Transportation Agreement with the utility, designating the School Supplier it has selected from a list of approved School Suppliers that have signed School Pooling Agreements with the utility.
- f. Requires the School Transportation Service Customer to become a member of a School Pool pursuant to the provisions of Rate 185, School Pooling Service.

The proposed Rate 185 and Appendix J make the School Supplier:

- a. Responsible for managing the gas supply of its School Pools, and
- b. Subject to the School Nomination and Balancing Provisions.

Cost support has been provided.

The tariff sheets affected by this filing are:

Sheet No. 2 – Tariff Sheet Index, Page 1 of 3.

Sheet No. 4 – Definitions, Pages 1, 2, 3, and 4 of 4.

Sheet No. 14 – Pages 1-3 have been created for Rate 125, School Transportation Service.

Sheet No. 20 – Pages 1-6 have been created for Rate 185, School Pooling Service.

Sheet No. 30 – Appendix A, Gas Cost Adjustment, Page 1 of 1. The Gas Cost Adjustment for Rate 125 is reflected as \$0.0000.

Sheet No. 31 – Appendix B, Normal Temperature Adjustment, Page 1 of 4. The Normal Temperature Adjustment (NTA) for Rate 125 is consistent with the NTA currently applicable to these school customers under Rate 120 (Sales).

Sheet No. 32 – Appendix C, Other Charges, Page 1 of 1. A Summary Billing Charge of \$45.00 has been added.

Sheet No. 36 – Appendix G, Universal Service Fund Rider, Page 1 of 1. The Universal Service Fund (USF) Rider for Rate 125 is consistent with the USF Rider currently applicable to these school customers under Rate 120.

Sheet No. 37 – Appendix H, Pipeline Safety Adjustment, Page 1 of 1. The Pipeline Safety Adjustment (PSA) for Rate 125 is consistent with the PSA currently applicable to these school customers under Rate 120.

Sheet No. 39 – Pages 1-5 have been created for Appendix J – School Nomination and Balancing Provisions.

Sheet No. 61 – General Terms and Conditions Applicable to Gas Service Rule 24, Curtailment Procedures, Pages 2 and 3 of 4. Rate 185 has been added to “Gas Supply Curtailment Sequence” and “Capacity Curtailment Sequence”

Jerry L. Webb
Director of Gas/Water/Sewer Division